

INCENTIVE FUNDS FOR VOCATIONAL EDUCATION

The Ministry of Education has provided incentive funds to the organisers of vocational training in order to increase the appeal and effectiveness of certain fields of vocational education. Incentive funds have been provided exceptionally by increasing the state grant unit price upon application. In 2005 the amount of funds provided in this form totalled approximately 17.0 million euros.

The audit investigated the significance and effectiveness of incentive funds in vocational education, the targeting of incentive funds to increase the effectiveness and appeal of specific fields of vocational education, and the supervision of the use of incentive funds. The main observations concerned whether increasing the state grant unit price is generally a suitable way to target funds supplementing the state grant system.

The audit showed that incentive funds have produced good results in increasing the appeal and effectiveness of educational fields. For example, the number of students applying for fields of vocational education that receive incentive funds has increased noticeably, and fewer students have dropped out.

The audit also indicated that a discretionary increase of the unit price used in the allocation of incentive funds is not suited to the funding of predetermined measures. The Act does not provide for the allocation of state grants for a particular purpose in a manner that binds the recipient. Furthermore, the funding system entails several risks related to guidance and the proper targeting and supervision of funds.

The audit showed that incentive funds could also have been provided to the organisers of training in the form of state aids. In this way, most of the risks related to the proper targeting and supervision of appropriations could have been avoided. Public funding should use simple and established practices as far as possible, and funding systems should be clear. Creating a new system for incentive funds cannot be justified from this viewpoint.